

## Message Text

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ACTION FBO-01

INFO OCT-01 EA-07 ISO-00 ABF-01 /010 W

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R 030957Z OCT 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7137

UNCLAS BANGKOK 15492

E. O. 11652: N/A

TAGS: ABLD, TH

SUBJ: M&R ALLOTMENT XJ-4316/610

1. DURING RECENT MONTHS COSTS OF BUILDING MATERIALS IN THAILAND HAVE SKYROCKETED AND LABOR COSTS HAVE STEADILY INCREASED. THE FOLLOWING ARE EXAMPLES OF THE PERCENTAGE INCREASE IN LOCAL PRICES SINCE OCTOBER 1972 6MM YANG PLYWOOD - 75 PERCENT 1/4 INCH STEEL RODS 136 PERCENT; 3/4 INCH GALVANIZED PIPE - 79 PERCENT; PADLOCKS - 150 PERCENT; 1 INCH NAILS - 124 PERCENT; 1/2 INCH EMT CONDUIT - 65 PERCENT; AND 2 INCH RIGID CONDUIT IN 10' LENGTHS - 260 PERCENT. A COMPREHENSIVE COMPILATION OF BUILDING MATERIAL COST INCREASES IN THAILAND HAS BEEN PREPARED AND WILL FORWARD A COPY IF IT WOULD BE USEFUL TO A/FBO.

2. THE AVERAGE PRICE INCREASE FOR BUILDING MATERIALS PURCHASED FOR M&R TYPE PROJECTS OVER THE PAST YEAR IS CONSERVATIVELY ESTIMATED AT 50 PERCENT, WITH MOST OF THE INCREASE HAVING TAKEN PLACE IN RECENT MONTHS. IN FY 1973, THIS EMBASSY BUDGETED \$68,255 AND WAS ALLOTTED \$40,000 FOR M&R EXPENSES. GIVEN THE INCREASE IN CONSTRUCTION MATERIALS AND LABOR AND THE INCREASED US DOLLAR COST RESULTING FROM REVALUATION OF THAI BAHT, THE EMBASSY REQUIRED A FY 1974 M&R ALLOTMENT OF NOT LESS THAN \$63,000 TO MATCH THE PURCHASING POWER OF THE FY 1973 ALLOTMENT OF \$40,000 (ASSUMING NO FURTHER SUBSTANTIAL PRICE INCREASES, WHICH IS UNLIKELY).

3. OUR FY 1974 M&R FINANCIAL PLAN TOTALLED \$80,300. THE PLAN WAS SUBMITTED PRIOR TO REVALUATION OF THE THAI BAHT WHICH INCREASED OUR  
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REQUIREMENTS TO \$84,300. IT WAS ALSO SUBMITTED PRIOR TO RECENT PRICE INCREASES WHICH NOT ONLY INCREASES FY 1974 COSTS, BUT REQUIRED

DEFERRING, IN MAY AND JUNE OF THIS YEAR, REPAIR AND MAINTENANCE WORK WE HAD ANTICIPATED COULD BE FUNDED WITH FY 1973 FUNDS. IT SHOULD BE NOTED OUR OBLIGATION RATE WAS HELD TO UNDER \$11,000 DURING THE FIRST QUARTER OF FY 1974 BECAUSE OF RESTRICTIONS OF THE CONTINUING RESOLUTION AND AS A RESULT WE NOW HAVE A SUBSTANTIAL M&R BACKLOAD.

4. IN VIEW OF THE ABOVE, RECEIPT OF AN FY 1974 M&R ALLOTMENT OF ONLY \$43,700 IS FAR FROM ADEQUATE TO COVER MINIMUM REQUIREMENTS OUR FY 1974 FINANCIAL PLAN OF \$80,300 WAS NOT A WISHING LIST, BUT AN ACCURATE EVALUATION OF OUR FY 1974 REQUIREMENTS. AS NOTED ABOVE, THE \$80,300 MUST NOW BE CONSIDERED AN UNDERSTATEMENT OF REQUIREMENTS IN VIEW OF REVALUATION AND CONTINUING INFLATION.

5. INCLUDED IN BUDGETED PROJECTS FOR WHICH THIS EMBASSY IS NOW WITHOUT FUNDS ARE THE FOLLOWING M&R REQUIREMENTS BY PROPERTY: PAINTING 01316-A (\$1,900); PAINTING 02316 (\$2,900; ROOF REPAIRS 02316 (\$800); REPAIRING 02366 (\$2,500); PAINTING 06316 (\$850); RETAINING WALL 06316 (\$5,000); RETAINING WALL 07316 (\$1,400); PAINTING 05316 (\$2,250); REPAIR OF ASPHALT DRIVEWAY 05316 (\$600); PAINTING 08316 (\$2,500); PAINTING 12316 (\$850); AND PAINTING 14316 A-K (\$2,000). NOTE: THIS IS NOT A COMPLETE LIST.

6. THE EMBASSY URGENTLY REQUESTS AN INCREASE IN M&R ALLOTMENT XJ-4316 TO LEVEL APPROACHING REQUIREMENTS.  
MASTERS

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**TAGS:** ABLD, TH  
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